

FEDERAL HOUSING FINANCE BOARD

MEETING OF THE BOARD OF DIRECTORS

OPEN SESSION

Wednesday, August 6, 2003
Washington, D.C.

The Board meeting convened, pursuant to
notice at 10:00 a.m., at 1777 F Street, N.W.,
Board Room, Washington, D.C.

PARTICIPANTS:

JOHN T. KORSMO, Chairman
FRANZ S. LEICHTER
J. TMOOTHY O'NEILL
ALLAN MENDELOWITZ
JOHN C. WEICHER

SHEILA WILLIS
ARNOLD INTRATER
SCOTT L. SMITH
THOMAS HEARN
NEIL R. CROWLEY

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P R O C E E D I N G S

CHAIRMAN KORSMO: I call this meeting of the Federal Housing Finance Board to order. Before we get into today's agenda, open meeting agenda, the government and the Sunshine Act and the Finance Board regulations require a vote to approve the closed portion of this meeting, which will take place immediately following the open portion of this meeting. A certain logic to that.

As the announced agenda states, the closed portion is a periodic update of examination program development and supervisory findings from the first and second quarters of 2003. The Sunshine Act in Section 522B(c)(8) of the U.S. Code and Finance Board regulations in Section 912.5(b)(1) specifically allow closure of meetings to receive such updates. This is the first of periodic sessions during which the Office of Supervision staff will update the Finance Board on our examinations and supervisory program.

By their very nature, these sessions will include bank examination information that is sensitive and confidential, thus the closed meeting.

Both the Sunshine Act and Section 912.5 of Finance Board regulations require a vote of the Finance Board to

close a portion of a meeting. Section 912.5(b) specifies expedited closure procedures for review of exam programs and findings. The transcript of this portion of the meeting will, of course, contain information that may be withheld from publication under Section 912.4(a) of our regulations, so at this point I would ask for a motion to both close that portion of this meeting dealing with exam programs and supervisory findings and to seal the transcript and record of this portion of the meeting.

Director Mendelowitz?

MR. MENDELOWITZ: Mr. Chairman, pursuant to Finance Board regulation Section 912.5(b), I move to close that portion of this meeting dealing with a review of Finance Board examination programs and supervisory findings; and, further, that this Board determine, pursuant to Finance Board regulation Section 912.5(c)(3), that the record and transcript of this closed portion of the meeting shall be kept confidential pursuant to Finance Board regulation Section 912.4(a)(8).

CHAIRMAN KORSMO: Thank you for the motion. Is there any discussion of the motion? Any discussion of the motion?

[No response.]

CHAIRMAN KORSMO: Seeing none, the secretary will please call the roll on the motion.

MS. WILLIS: On the approval of closing a portion of the Finance Board board meeting, Director Leichter, how do you vote?

MR. LEICHTER: Yes.

MS. WILLIS: Director O'Neill?

MR. O'NEILL: Aye.

MS. WILLIS: Director Mendelowitz?

MR. MENDELOWITZ: Yes.

MS. WILLIS: Director Weicher?

MR. WEICHER: Aye.

MS. WILLIS: Chairman Korsmo?

CHAIRMAN KORSMO: Yes. The motion is carried, and the subsequent portion of our meeting will be closed and the transcript thereof will remain closed and confidential.

Thank you.

With that out of the way, we will move to the open portion of our meeting. There are three items on the agenda. Item 1 is capital plan amendments for the Federal

Home Loan Bank of Boston. They will be presented by Mr. Hearn and Dr. Smith. Is that correct? You're on.

DR. SMITH: Good morning, members of the Board. The Federal Home Loan Bank of Boston's capital plan was approved by the Finance Board on May 8, 2002. The bank's approved plan authorizes an all Class B stock structure with a minimum stock investment equal to the sum of membership requirement and an activity-based requirement. The initial membership requirement is set at 0.35 percent of the membership stock investment base, which includes mortgage assets in U.S. Government and agency securities and is subject to a \$10,000 minimum investment and a cap of \$25 million.

The initial activity-based requirement for all activity-based assets, including AMA, is 4.5 percent, with a range of 0 to 6 percent for AMA and 3 to 6 percent for all other activity-based assets.

On March 21st and June 20th of this year, the bank's Board of Directors considered and approved a number of amendments to the bank's capital plan and submitted them to the Finance Board for approval. Since there are a number

of amendments, it may be helpful to group them into three general categories.

The first category of amendments adds provisions to the Boston plan that were approved by the Finance Board in other bank capital plans. For example, Boston is proposing to add a provision to allow the bank to hold general stock offerings.

A second category includes a number of amendments that are clarifying or conforming in nature. For example, the bank is proposing to revise the section on par value to more clearly state that all Class B stock transactions are at par value.

The third and most important category includes more substantive amendments that relate to the bank's actual conversion process and the activity-based investment requirement.

The first amendment changes the date by which members must notify the bank that they wish to opt out of the new capital structure from six months prior to the effective date of the plan to 60 days. The six-month opt-out period is the same as the notification period for withdrawing members prior to conversion. Most other banks'

capital plans have a shorter opt-out period, and the bank determined that a 60-day period provides members with a reasonable period between committing to convert and the actual conversion, as well as enough time for the bank to handle any withdrawals.

The second amendment changes the approach regarding the repurchase of excess stock at conversion to provide more flexibility for members. The plan currently states that the bank will unilaterally repurchase Class B shares in excess of 105 percent of a member's total stock investment requirement on the conversion date. In other words, each member would be allowed to hold excess stock only up to 5 percent of its total stock requirement.

The amendment to the plan allows members the opportunity to request the repurchase of a stated percentage of excess stock on the conversion date. The bank has established a repurchase request notification date, which is 60 days prior to conversion, the same as the new opt-out date, by which members must notify the bank of the percentage of excess stock the member would like to have repurchased at conversion. This change is based on conversations with members that reveal that large members

generally would prefer to be able to have all excess stock repurchased at conversion while small members would generally prefer to hold excess stock. If the bank elects to repurchase less than the total amount of excess stock requested by members, the bank will repurchase on a pro rata basis.

The third amendment adds a new category: delivery commitments for AMA to activity-based assets with a stock purchase requirement of 0 and a range of 0 to 6 percent. It also revises the requirement for advanced commitments from 4.5 percent to 0 and revises the range from 3 to 6 percent to 0 to 6 percent.

The initial stock purchase requirement for all other activity-based assets, including AMA, remains at 4.5 percent. This amendment is based on the bank's belief that the amount of capital that would be required to support these items is insignificant. However, by having the categories established with a range of up to 6 percent, the Board of Directors has the ability to revise the requirement if circumstances should require it.

Based on our review of the materials submitted by the bank to support approval of the amendments and

conversations with the bank, we have not identified any problems in the plan or the amendments that would prevent the bank from maintaining sufficient capital to comply with statutory and regulatory requirements and to continue to operate in a safe and sound manner.

We would be happy to answer any questions.

CHAIRMAN KORSMO: Thank you, Dr. Smith.

Are there any questions from any members of the Board or staff? Any questions?

[No response.]

CHAIRMAN KORSMO: Seeing none, the Chair would entertain a motion. There are two resolutions required for approval of the amendments: the first, the standard resolution dealing with the amendments specifically, and then, secondly, you will recall from our earlier adoption of the capital plans, there is a second resolution necessary to be approved that involves the waiver of withdrawal notice requirement. Both resolutions could be approved in a single motion. Is there a motion to approve the two resolutions?

MR. O'NEILL: So moved.

CHAIRMAN KORSMO: Director O'Neill has moved approval of the two resolutions. Is there any discussion of

the motion? Any discussion of the motion? Director Mendelowitz?

MR. MENDELOWITZ: Mr. Chairman, as you know, I voted against the Boston capital plan itself when it was presented to the Board, and I still have a number of issues that I feel need to be resolved. Therefore, unfortunately, I am constrained to vote against this amendment at this time.

If the two resolutions, if I understood correctly, the opt-out one, that just changes the opt-out period to 60 days.

CHAIRMAN KORSMO: Correct.

MR. MENDELOWITZ: Rather than 90. If they were separated, I could vote for the shortening of the opt-out period.

MR. LEICHTER: There are two resolutions. I think we should take them separately--

CHAIRMAN KORSMO: That's fine. If that's all right with the mover, we will separate the two questions and consider them each individually. I see the nod. For the record, could you--

MR. O'NEILL: So moved.

CHAIRMAN KORSMO: Thank you.

Is there any other discussion of the first motion? Let's take the first motion first which would deal with the resolution approving the amendments to the capital structure plan. Any further discussion? Mr. Leichter?

MR. LEICHTER: I, too, voted against the Boston plan, and while some of the changes that we are making tend to be technical, I am not in favor of giving the bank the power to make a general stock offering. I voted against plans of other banks that had the general stock offering, and the reason for it is that my concern about creating an investor class and how that can drive the business and the risk profile of the bank.

I just want to say I have some concern that as we give this permission to the Boston Bank and some of the other steps that we are taking, we are somewhat changing the character of the system. As we see the capital plans that have an AMA requirement that goes to 0 so there is no nexus between assets placed on the balance sheet and capital of a member, as we see the growth of the MPF program, we see Shared Funding, other proposals that have been made. Some have not been acted on but have been made. It does seem to

me that there are changes in the system that I am not sure are being done pursuant to any sort of strategic plan or vision, certainly none that I have ever had an opportunity to discuss or that this Board of Directors has ever taken action on.

It seems to me that as we act on these plans, we really should have in mind where we want the system to go, what changes, if any, we want to see in the system. I sort of find it strange that I'm the traditionalist and the fiscal conservative here. I would have assumed other people would have stood up for financial rectitude more than me. But I do express some concerns about it, and while these are maybe just single steps, they do lead along a certain road. And I think we ought to be sure that the road ends up somewhere where we want to be.

So I am going to vote against this resolution for the reasons I've stated.

CHAIRMAN KORSMO: Thank you, Mr. Leichter.

For clarification's sake, my cracker-jack staff has pointed out that the waiver of notice does not pertain to the amendment that's included in the capital plan.

Arnie, you might want to articulate this because I think I probably created some confusion in acceding to Dr. Mendelowitz's request. It doesn't really matter. We can certainly vote on them separately. But it doesn't go to the issue of the amendment. It strictly deals with the waiver of notice requirement necessary for approving the capital plan. Is that correct?

MR. INTRATER: Yes. I think you can accept that.

MR. CROWLEY: The waiver resolution was part of several of the capital plans that were approved--

CHAIRMAN KORSMO: Right.

MR. CROWLEY: --had an opt-out period of less than six months. Because Boston had a six-month period, this resolution was not necessary the last time the original Boston plan came forward.

CHAIRMAN KORSMO: So this doesn't really go to the amendment that is being contemplated of the capital plan. Is that correct?

MR. CROWLEY: It's necessary because they're shrinking the time down to--

CHAIRMAN KORSMO: I've got it. Okay. Well, in any event, we can still vote on the two separately. It doesn't really have an impact.

Is there any other discussion of the first motion?
Any other discussion of the first motion?

[No response.]

CHAIRMAN KORSMO: Hearing none, the secretary will call the roll on the question of approving the amendments to the capital structure plan of the Federal Home Loan Bank of Boston?

MS. WILLIS: On the approval of the resolution approving amendments to the capital structure plan of the Federal Home Loan Bank of Boston, Director Leichter, how do you vote?

MR. LEICHTER: No.

MS. WILLIS: Director O'Neill?

MR. O'NEILL: Aye.

MS. WILLIS: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. WILLIS: Director Weicher?

MR. WEICHER: Aye.

MS. WILLIS: Chairman Korsmo?

CHAIRMAN KORSMO: Yes. The motion is carried and the amendments to the capital structure plan of the Federal Home Loan Bank of Boston are adopted.

Tim, why don't you re-make, if you will, the motion on the waiver of notice requirement resolution?

MR. O'NEILL: So moved.

CHAIRMAN KORSMO: Thank you.

Is there any discussion of the motion to approve the waiver of notice--the waiver of withdrawal notice requirement resolution? Any discussion of that motion? Any discussion of that motion?

[No response.]

CHAIRMAN KORSMO: Seeing none, the secretary will please call the roll on the motion.

MS. WILLIS: On the approval of the resolution approving waiver of withdrawal notice requirement of the capital structure plan of the Federal Home Loan Bank of Boston, Director Leichter, how do you vote?

MR. LEICHTER: Yes.

MS. WILLIS: Director O'Neill?

MR. O'NEILL: Aye.

MS. WILLIS: Director Mendelowitz?

MR. MENDELOWITZ: Yes.

MS. WILLIS: Director Weicher?

MR. WEICHER: Aye.

MS. WILLIS: Chairman Korsmo?

CHAIRMAN KORSMO: Yes. The motion to approve the capital structure plan of the Federal Home Loan Bank of Boston waiver of withdrawal notice requirement is approved.

The second item on our agenda is consideration of capital plan amendments for the Federal Home Loan Bank of San Francisco. I see we're replacing lawyers, but we keep Dr. Smith.

Scott?

DR. SMITH: Thank you, Mr. Chairman.

The Federal Home Loan Bank of San Francisco's capital plan was approved by the Finance Board on June 12, 2002. The bank's approved plan is an all Class B stock plan that closely approximates the bank's current capital structure. Under the current plan, a member's minimum stock requirement equals the greater of its membership stock requirement or its activity-based stock requirement, plus any capital stock assessment imposed by the Board of Directors of the bank.

The membership stock requirement is initially set at 1 percent of the membership assets multiplied by a membership asset factor for each asset type. The plan allows the bank to adjust the membership stock requirement between 0.5 percent and 1.5 percent and currently does not include a cap on the requirement.

The activity-based stock requirement as applied to advances is initially set at 4.7 percent with a range of 4.4 to 5.0. For AMA, the requirement is initially set at 5.4 percent with a range of 5.1 to 5.7.

On May 30, 2003, the Board of Directors of the San Francisco bank approved changes to the capital plan and submitted an amendment to the Finance Board for approval. The proposed amendments are straightforward and are consistent with provisions contained in other banks' capital plans already approved by the Finance Board.

Specifically, the bank is proposing to:

One, change the opt-out period in the plan from six months prior to the effective date of the plan to three months;

Two, reduce the initial stock purchase requirement for AMA, referred to as member mortgage assets in the plan,

from 5.4 percent to 5 percent, and change the lower end of the range for that requirement from 5.1 to 5.0 to accommodate the initial change;

Three, impose a cap on the membership stock purchase requirement which initially will be set at \$25 million, with a range of from \$10 million to \$50 million;

Four, make other technical changes to clarify various plan provisions, including: one, clarify that all issued and outstanding bank stock, including excess stock, is to be included in determining the bank's compliance with its minimum regulatory capital requirements; two, clarify that the section on the Board-approved capital stock assessment applies options available on a member-by-member basis; three, clarify that each share of bank stock will be entitled to one vote, which may be cast with respect to each vacant directorship; and, four, restate the list of membership asset factors in Appendix 8 to match current terminology.

Based on our review of the materials submitted by the bank to support approval of the amendments, we have not identified any problems in the plan or the amendments that would prevent the bank from maintaining sufficient capital

to comply with statutory and regulatory requirements and to continue to operate in a safe and sound manner.

Once again, we would be pleased to answer any questions.

CHAIRMAN KORSMO: Are there any questions for Dr. Smith or Mr. Crowley? Any questions?

[No response.]

CHAIRMAN KORSMO: Seeing none, do we have a better understanding now of the double resolution issue? Maybe, as I say, I confused it. I apologize. And we can perhaps, with everyone's consent, consider adoption of the two resolutions in tandem. Thank you.

Is there a motion to approve the two resolutions implementing the amendments to the capital structure plan for the Federal Home Loan Bank of San Francisco and the subsequent resolution that would permit the waiver of withdrawal notice requirement? Is there a motion to approve these two resolutions?

MR. LEICHTER: I'll move.

CHAIRMAN KORSMO: Director Leichter moves approval of the two resolutions. Is there any discussion of the motion? Any discussion of the motion?

[No response.]

CHAIRMAN KORSMO: Seeing none, the secretary will call the roll on the motion to approve the two resolutions.

MS. WILLIS: On the approval of the resolution approving amendments to the capital structure plan and the resolution approving the waiver of the withdrawal notice requirement for the Federal Home Loan Bank of San Francisco, Director Leichter, how do you vote?

MR. LEICHTER: Yes.

MS. WILLIS: Director O'Neill?

MR. O'NEILL: Aye.

MS. WILLIS: Director Mendelowitz?

MR. MENDELOWITZ: Yes.

MS. WILLIS: Director Weicher?

MR. WEICHER: Aye.

MS. WILLIS: Chairman Korsmo?

CHAIRMAN KORSMO: Yes. The motion to approve the two resolutions, the amendments to the capital structure plan of the Federal Home Loan Bank of San Francisco and the resolution approving the waiver of withdrawal notice requirement, are adopted. Thank you again.

Item 3 on our open agenda is approval of the restated organization certificate of the Federal Home Loan Bank of New York. Mr. Crowley remaining, I'm assuming that that means that this item will be presented by Mr. Crowley. Neil?

MR. CROWLEY: That is correct, Mr. Chairman.

What you have before you is a request from the Federal Home Loan Bank of New York to make certain revisions to its organizational certificate. If you will recall, about a year ago we approved a restated organizational certificate for the bank to replace the certificates that were destroyed on September 11th. Recently, the Board of Directors of the Bank of New York has voted to replace the current organizational certificate with the new one that you have before them. And the changes that the New York Bank proposes to make are to strike certain language in the restated organizational certificate that references the destruction of the originals and strike certain language relating to the capital that was needed in 1932 to create and organize the bank. It would replace that language regarding capital structure with language that reflects the current capital structure and includes references to the

Bank Act, our regulations, and to the capital plan of the Bank of New York.

In the view of the staff, this is largely a corporate formality. What I mean by that is that the proposed changes neither enhance nor diminish the powers, the authority of the bank, or anything having to do with our regulation or oversight of the bank, and it is otherwise consistent with the Bank Act. And staff recommends approval of the resolution.

CHAIRMAN KORSMO: Would we have to be re-signing them a new--

MR. CROWLEY: A new certificate? I believe, yes.

CHAIRMAN KORSMO: And we would be doing that, assuming it's adopted.

MR. INTRATER: We do that at the end of the meeting since you are all here.

CHAIRMAN KORSMO: We are indeed all here.

Director O'Neill?

MR. O'NEILL: I asked this question at our pre-briefing. Because all 12 banks, when Gramm-Leach-Bliley was passed, all 12 banks' original certificates of incorporation are similarly not appropriate

going forward, I asked whether we would get another 11 of the same kinds of things, and the answer was: Well, it's up to the bank whether they want to ask us for new ones or not.

I don't think that we should do anything to say, well, one of the 12 banks has asked us for one, are you other 11 banks going to do the same thing? But maybe something from the general counsel's office just saying that if other banks want to do the same thing, that we're certainly open and willing to do the same thing that we did for the New York Bank.

CHAIRMAN KORSMO: Assuming we're willing to do this for the New York Bank. Let's not jump ahead.

[Laughter.]

MR. O'NEILL: I don't know whether that's appropriate or not, but it just seems like if we're going to do it for New York, maybe we should do it for the other 11.

CHAIRMAN KORSMO: I have no strong feelings one way or the other. I'm assuming that this particular instance is occasioned by the unusual circumstances related to the loss of the charter in New York.

MR. CROWLEY: I would think so. And, again, this is something that I think each bank can decide for itself.

The existing organizational certificates evidence the creation of the corporate entity, which is the Federal Home Loan Bank, and it is perfectly sufficient to preserve the existence of each of the other 11. Each of those documents, however, refers to the payment in of capital in accordance with the Bank Act as it existed in 1932, which is not the current capital structure.

If a bank were to wish to replace that language with language describing the current statutes and regulations and capital plans, that's fine, and that is consistent with the Bank Act. But as I indicated, this action neither enhances nor diminishes any of the powers of the bank or ours. So I think it's a preference of the bank.

CHAIRMAN KORSMO: Are there any other questions of Mr. Crowley? Any other questions?

[No response.]

CHAIRMAN KORSMO: Seeing none, could we have a motion to approve the restated organization certificate of the Federal Home Loan Bank of New York

MR. LEICHTER: I so move.

CHAIRMAN KORSMO: Because he's from New York,
we'll accede to Director Leichter's request on the motion.
Is there any discussion of the motion?

I apologize, Director Weicher.

Any discussion on the motion?

[No response.]

CHAIRMAN KORSMO: Seeing none, the secretary will
please call the roll on the motion to approve the restated
organization certificate of the Federal Home Loan Bank of
New York.

MS. WILLIS: On the approval of the restated
organizational certificate for the Federal Home Loan Bank of
New York, Director Leichter, how do you vote?

MR. LEICHTER: Yes.

MS. WILLIS: Director O'Neill?

MR. O'NEILL: Aye.

MS. WILLIS: Director Mendelowitz?

MR. MENDELOWITZ: Yes.

MS. WILLIS: Director Weicher?

MR. WEICHER: Aye.

MS. WILLIS: Chairman Korsmo?

CHAIRMAN KORSMO: Yes. The motion is approved and the restated organization certification of the Federal Home Loan Bank of New York is approved. I assume then that at some point when we recess our meeting, we could sign the new certificate.

MR. INTRATER: Yes. I think we're ready to do that.

CHAIRMAN KORSMO: All right. Before we do that, as is my usual practice, are there any other items that any Director wishes to bring before the open session of the Board? Director Leichter?

MR. LEICHTER: Mr. Chairman, I just want to bring up my concern that it has been some nine months or so that the Office of Finance has been lacking a member of the Board of Directors. I know it's something we've discussed, something you've addressed. Director Mendelowitz and I made a recommendation of somebody, but I think it's important to fill that position, and I think it's important to have particularly a public interest director from the Office of Finance.

I want to make it clear that I think the Office of Finance is functioning very well, and this is no criticism

at all of how that office is functioning. But our regulations do provide for three Directors. It makes good sense, and I think we need to move ahead and fill that position.

CHAIRMAN KORSMO: Director Leichter, I appreciate your comments. As we have talked about in the past, coming up with an appropriate candidate who doesn't have the conflicts that limit involvement has proven difficult. I appreciate the recommendation that came from you and Director Mendelowitz and have taken a serious look at that particular candidate. We'll probably arrange to speak to her at some point. I had a conversation only yesterday concerning another candidate.

I share your concern for leaving that post vacant. I wish, frankly, it were easier. As I know everyone here is aware, we have had several excellent candidates that we've tried to shoe-box or, excuse me, shoe-horn into the position who, for one reason or another, we have been unable to eliminate the conflicts that make service in this capacity difficult given the current nature of our regulations, which is probably something we should revisit at some point.

Suffice it to say I appreciate your concern. It isn't lost on me, and I'm hopeful that perhaps we can have a candidate for our consideration at the September meeting.

Are there any other topics? Director O'Neill?

MR. O'NEILL: Actually, I have two items that I'll go through quickly.

The first one is I want to commend you, Mr. Chairman, for joining Treasury Secretary Snow and HUD Secretary Martinez in their recent joint letter to the Federal Home Loan Banks calling for voluntary registration with the SEC under the '34 Act. I join you, Mr. Chairman, and Commissioner Weicher, by virtue of his delegation from Secretary Martinez, in calling for voluntary registration. And I call on the Federal Home Loan Banks to move without delay to achieve voluntary registration with the SEC under the '34 Act. And, Mr. Chairman, I ask that the joint letter that you signed with Secretaries Snow and Martinez be included in the official record of this meeting.

(To view the joint letter click [here](#))

CHAIRMAN KORSMO: All right. Let me see--procedurally, I assume that would require there not being objection. Without objection, we can include the

letter in the minutes. Again, I think it's clear I was speaking only on my own behalf, certainly, and not on behalf of the Finance Board in making that statement of joint policy with Secretary Martinez from HUD and Secretary Snow from Treasury. If there is no objection, we could include the letter in the minutes. Is there any objection?

MR. LEICHTER: No. I think as long as it's clear, as you've made it clear, that this was an expression of your opinion, that there has never been any Board action on it, and along with all the other documents that flow through this office, it's a public record. And if Director O'Neill thinks that this particular record should be made part of the minutes of this meeting, I have no objection. But it is what it is, and, again, it's not what it's not, which is approval by the Board of Directors.

CHAIRMAN KORSMO: It's hard to argue with that statement.

[Laughter.]

CHAIRMAN KORSMO: Thank you. If there is no objection, we will include it in the minutes.

MR. O'NEILL: And the last thing, which is very joyous. The new member of the Finance Board family was born

on July 30th. Avila Marie Stanton was born, so I figured I would make that part of the record and hope that--

MR. LEICHTER: The baby or the event?

[Laughter.]

MR. O'NEILL: Both. Also, my counsel, Julie, I hope that she has a speedy recovery.

CHAIRMAN KORSMO: I assume there is no objection to that statement.

MR. LEICHTER: No. We all join in congratulating Bob and Julie.

CHAIRMAN KORSMO: Any other comments? Any other items to bring before the open session of the meeting?

[No response.]

CHAIRMAN KORSMO: If not, I will call a recess, and as we made clear with our vote at the start of today's meeting, the remainder of our session today will be closed. Let's take a 15-minute recess until 10:50, at which point we will reconvene in closed session.

[Whereupon, at 10:35 a.m., the open session concluded.]